

HISTORY OF THE 2001-03 BIENNIAL BUDGET

This section provides a narrative history of the 2001-03 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point, on May 31, 2000, when the Department of Administration issued condensed budget instructions to each state agency. On June 9, 2000, the Department of Administration issued more detailed instructions, including the Governor's major budget policy priorities and procedures that agencies should follow in preparing their 2001-03 biennial budget requests.

Included in the Governor's major policy directives for the 2001-03 biennial budget were instructions that state agencies meet a "budget target policy" for most of their general purpose revenue (GPR) funding requests. The budget target policy directive required agencies to limit their GPR funding requests for the 2001-02 fiscal year to 100% of the funding level for the 2000-01 adjusted base year and to limit their funding requests for the 2002-03 fiscal year to 101% of the funding level for the 2000-01 adjusted base year. This budget target request limitation policy applied to all GPR-funded state operations appropriations (other than the Department of Corrections, Medical Assistance and debt service), all GPR-funded aids to individuals and organizations appropriations and all GPR-funded local assistance appropriations (other than school aids). Agency GPR-funded standard budget adjustments were excluded from the target policy limitation requirement. The directive also applied to SEG funded administrative operations appropriations of DOT, DNR and the Lottery.

Agencies were instructed to submit their formal budget to the Executive Budget Office and the Legislative Fiscal Bureau by September 15, 2000. The Executive Budget Office began reviewing agency funding requests as they were submitted. On November 20, 2000, as required by statute, the Executive Budget Office distributed to Governor Tommy G. Thompson and to the Legislature a compilation of state agencies' 2001-03 biennial budget requests. This summary of agencies' budget requests indicated that they were seeking total 2001-03 funding of \$45.66 billion (all funds), of which \$23.94 billion was requested from general purpose revenues. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2000-01 and the 2001-03 biennium, as developed by the Department of Revenue. Total general fund tax collections for the biennium were projected at \$22.80 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 25, 2001, the Bureau estimated that the state's general fund would realize a total of \$651 million less in the period from 2000-01 through 2002-03 than was reflected in the report from the Departments of Administration and Revenue.

The Governor, with the assistance of the Department of Administration, continued to review agency funding and policy change requests during this time to develop specific gubernatorial budget recommendations for each agency for submittal to the 2001 Legislature. Also during this period, the Governor made decisions on individual gubernatorial funding and policy initiatives to be included in the biennial budget bill.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the new Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2001 Senate Joint Resolution 14, adopted by the Senate on January 30, 2001, and concurred in by the Assembly on the same day, this deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended to February 20, 2001. Newly inaugurated Governor Scott McCallum officially delivered his 2001-03 biennial budget message and recommendations to a joint convention of the Legislature on February 20, 2001.

That same day, the Joint Committee on Finance, at the request of the Governor, introduced companion biennial budget bills in each house of the Legislature. The bills, formally introduced in the Senate as 2001 Senate Bill 55 (SB 55) and in the Assembly as 2001 Assembly Bill 144 (AB 144), were both read for the first time and referred to the Joint Committee on Finance for further consideration. The Governor subsequently submitted the recommendations of the State Building Commission constituting the capital budget and the state building program to the Joint Committee on Finance on April 6. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

Between March 15 and March 21, the Joint Committee on Finance held three days of agency informational briefings on the biennial budget bills. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. Eight public hearings on the biennial budget bills were held by the Joint Committee on Finance to solicit public testimony on the proposals. Public hearings were held in Superior on March 27, in Eau Claire on March 28, in La Crosse on April 3, in Marshfield on April 4, in Peshtigo on April 5, in Kenosha on April 10, in Madison on April 11 and in Milwaukee on April 20. Another agency briefing and public hearing on the building program was held in Madison on May 9. While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the standing committees in each house of the Legislature also held hearings on those aspects of the executive budget bills that fell under their subject matter jurisdiction.

On April 23, 2001, Senator Brian Burke (D-Milwaukee), the Senate Chair of the Joint Committee on Finance, and Representative John Gard (R-Peshtigo), the Assembly Chair of the Joint Committee on Finance, issued a memorandum outlining the process that the Joint Committee on Finance would follow during its deliberations on the 2001-03 state budget. The following procedures were announced:

- The Joint Committee on Finance would work from SB 55, and upon the completion of the Committee's work, all modifications would be incorporated into a substitute amendment to SB 55, which would be reported to the Senate for first house consideration. AB 144 would not be reported from the Committee.

- For a number of state agencies and programs, the Joint Committee on Finance would work from the 2000-01 adjusted base rather than from the recommendations for the agencies or programs, as proposed by the Governor in SB 55. Thus, while the Governor's recommendations with respect to these agencies and programs would still be before the Committee for consideration, a majority vote would be required for the Governor's recommendations (or any other proposals affecting these specified agencies or programs) to be adopted. The following agencies and programs were subject to this treatment.

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| • Department of Agriculture, Trade and Consumer Protection | • Department of Natural Resources |
| • Board of Commissioners of Public Lands | • Office of State Public Defender |
| • Building Commission | • Department of Public Instruction |
| • Building Program | -- General School Aids |
| • Department of Commerce | -- Revenue Limits |
| • District Attorneys | -- Categorical Aids |
| • Department of Employee Trust Funds | -- Choice, Charter and Open Enrollment |
| • Employment Relations Commission | -- Assessments and Licensing |
| • Department of Employment Relations | -- Administrative and Other Funding |
| • Environmental Improvement Fund | • Shared Revenue and Tax Relief |
| • Department of Health and Family Services | • Technology for Educational Achievement in Wisconsin Board |
| -- Medical Assistance | • Tobacco Control Board |
| -- Family Care and Other Community Based Long-term Care Programs | • Wisconsin Health and Educational Facilities Authority |
| • Department of Justice | |

- For all other agencies and programs, the Joint Committee on Finance would work from the Governor's recommendations contained in SB 55. The Committee would entertain motions to amend the bill with respect to these other agencies and programs, and a majority vote would be required for the bill to be amended.

- A total of 150 nonfiscal policy items in SB 55 were identified that would not be addressed as part of the Joint Committee on Finance's budget deliberations. These provisions were deleted from the biennial budget bill.

After an April 26 Legislative Fiscal Bureau briefing on tobacco settlement securitization and a preliminary review of the fiscal effect of certain items within SB 55, the Joint Committee on Finance held a total of 18 executive sessions on the biennial budget bill. The first executive session was held on May 2, and the last was held on June 7. At the Committee's final June 7 executive session, the Committee adopted a substitute amendment (SSA 1 to SB 55) incorporating all of its

previous actions modifying the biennial budget and recommended passage of the substitute amendment on a vote of 12 to 4. The revised budget bill, SSA 1 to SB 55, was formally reported to the Senate on June 18.

On June 14, the Senate received a report from the Joint Survey Committee on Tax Exemptions concerning the tax exemptions of SSA 1 to SB 55. The Joint Survey Committee on Tax Exemptions reported that the provisions of the substitute amendment relating to tax exemptions are good public policy with the exception of a provision relating to the taxation of custom computer programs. The Committee recommended removing that provision from the bill. Additionally, the Committee recommended removing a provision relating to a property tax exemption for regional planning commissions from the bill and considering it as separate legislation. On June 15, the Senate received a report from the Joint Survey Committee on Retirement Systems concerning the relevant provisions of SSA 1 to SB 55. The Joint Survey Committee on Retirement Systems reported that the three provisions relating to retirement are good public policy and recommended that the Legislature enact them into law.

Following the conclusion of Joint Committee on Finance action on the biennial budget, the party caucuses in both houses began holding a series of meetings to consider further modifications to the biennial budget bill. On June 8, the Legislative Fiscal Bureau conducted briefings before the Senate Democratic Caucus and the Senate Republican Caucus on the major provisions of the substitute amendment. The Legislative Fiscal Bureau subsequently conducted briefings before the Assembly on the major provisions of the substitute amendment on June 13. The Senate Democratic Caucus met on five days (June 11, 12, 13, 14 and 18) to consider modifications to SSA 1. The Legislative Fiscal Bureau conducted briefings before the Senate Democratic Caucus and the Assembly Republican Caucus on the proposed Senate Democratic Caucus modifications on June 18. Later that day, the Senate Democratic Caucus approved a package of recommended modifications to SSA 1 that would be introduced as a super-amendment to SSA 1.

The Senate began consideration of the 2001-03 state budget on June 19. The changes recommended by the Senate Democratic Caucus were drafted as Senate Amendment 2 (SA 2) to SSA 1 to SB 55. During the Senate's deliberations, two amendments to SSA 1 were offered and two amendments to SA 2 were offered. The Senate adopted Senate Amendment 2. The substitute amendment, as amended, was adopted on a 19-12 vote, and the bill, as amended, was passed on a vote of 18 to 13 later that evening. The bill was ordered immediately messaged to the Assembly.

On June 20, the Legislative Fiscal Bureau conducted briefings before the Assembly Democratic Caucus on the Senate Amendment. The Assembly formally received the bill on June 21. The Assembly Republican Caucus met on five days (June 19, 20, 21, 22 and 25) to consider modifications to SSA 1. On June 25, the Assembly Republican Caucus approved a package of recommended modifications to SSA 1 that would be introduced as a super-amendment to SSA 1. The Legislative Fiscal Bureau briefed the Assembly Democratic Caucus on the provisions of the Assembly Republican Caucus package on June 29.

The Assembly began consideration of the 2001-03 state budget on June 29. Assembly Substitute Amendment 1, identical to SSA 1, formed the basis for Assembly consideration of the budget. Assembly Amendment 1 (AA 1) to ASA 1 to SB 55 was drafted to incorporate the changes to the budget recommended by the Assembly Republican Caucus. A total of 34 amendments to AA 1 were offered. AA 1 (as modified by Assembly Amendment 33) was adopted on a vote of 57 to 42. Of the 132 amendments to ASA 1 that also were offered, Assembly Amendments 22, 69, 75, 120 and 123 were adopted. ASA 1, as amended, and the bill, as amended, were adopted by the Assembly on a 61-38 vote later that evening.

After Assembly consideration of the budget, Assembly Joint Resolution 55 (AJR 55), regarding the establishment of a Committee of Conference on SB 55, was offered. AJR 55 authorized the creation of a Conference Committee of eight members, consisting of three members of the majority party and one member of the minority party from each house. AJR 55 specified that the report of the Conference Committee be limited to reconciling the differences in the positions of the two houses. The Assembly adopted AJR 55 on a vote of 63-36. The Senate adopted AJR 55 on a vote of 31-0 after amending it to eliminate the limitations on what could be included in the report and instead prohibit the Conference Committee from including any provisions altering the boundaries of congressional or legislative districts. The Assembly ultimately concurred in the Senate Amendment on July 2. Senators Charles Chvala (D-Madison), Brian Burke (D-Milwaukee), Russell Decker (D-Schofield) and Mary Panzer (R-West Bend) were named the Senate conferees, while Representatives Scott Jensen (R-Waukesha), Steven Foti (R-Oconomowoc), John Gard (R-Peshtigo), and Spencer Black (D-Madison) were named as the Assembly conferees. Senator Chvala and Representative Jensen served as Co-chairs of the Committee.

The Conference Committee began deliberations on the 800 items of difference between the houses on SB 55 on July 5 and subsequently met on July 6, 7, 9, 10 and 14. The Conference Committee announced their agreement on July 25 and on July 26 voted unanimously for approval of Conference Amendment 1 to SSA 1 to SB 55. On July 26, the Legislative Fiscal Bureau briefed the four party caucuses on the provisions of Conference Amendment 1. Later that evening, the Conference Committee report was approved by the Assembly on a 73-22 vote (with four votes paired) and then by the Senate on a 25-8 vote. The bill was enrolled on August 8, and awaited final action by the Governor.

On August 23, enrolled SB 55 was presented to the Governor. He approved the bill, in part, on August 30, and had it deposited in the Office of the Secretary of State as 2001 Wisconsin Act 16. The Governor indicated in his message to the Assembly that he had exercised his authority to make 315 partial vetoes to the bill, as passed by the Legislature. Act 16 was published on August 31, and except as otherwise specifically provided, became effective the following day. None of the Governor's partial vetoes have been overturned by the Legislature.